



# OPPORTUNITY

Martin O'Malley, Governor  
Anthony G. Brown, Lt. Governor





## EXECUTIVE SUMMARY

In Maryland, the O'Malley-Brown Administration has focused on making choices to build our economy from the middle up and the middle out.

Prosperity doesn't trickle down from the top – it never has. And regardless of one's circumstances at birth, every American should have the opportunity to get ahead by working hard. That's why, as the nation weathered its greatest economic downturn since the Great Depression, the O'Malley-Brown Administration never wavered from strengthening and growing Maryland's middle class. The key: expanding opportunity by strengthening our schools and creating good jobs with family-sustaining wages.

In 2010 the O'Malley-Brown Administration set a goal of placing Maryland residents into 250,000 jobs by the end of 2012. When we reached that goal, we set a more ambitious one to recover 100% of the jobs lost during the recession - a goal we achieved in 2014.

But the administration has been clear; that in order to make sure our children are able to compete in a changing global economy, we must educate and train our workers for the

highly-skilled jobs of tomorrow. Also, we must give our veterans every opportunity to rejoin the civilian workforce. So this administration set two additional strategic goals: first, to increase by 20% the number of Marylanders who receive skills training by the end of 2018, and second, to reach full employment for our veterans.

Additionally, the O'Malley-Brown Administration instituted the nation's first and only living wage law, raised the Earned Income Tax Credit for working families, and signed a meaningful increase in the state's minimum wage into law, while lowering income taxes for 86% of residents and asking the wealthiest Marylanders to do a little more.

Finally, because true opportunity can only exist when the human dignity of every citizen is protected, the O'Malley-Brown Administration passed the DREAM Act to ensure that children of immigrants have equal access to a decent education, and the Civil Marriage Protection Act to give all Maryland families equal protection under the law.

The state of Maryland has more work ahead, but together, we have achieved great things.

# BELIEF DRIVES ACTION, ACTION ACHIEVES RESULTS



Under the O'Malley-Brown Administration, the state of Maryland:

- ▶ Ranks #1 in median household income, and percentage of millionaire households (ratio of millionaire households to total households)

- ▶ Ranks #1 for innovation and entrepreneurship for the third year in a row according to the U.S. Chamber of Commerce

- ▶ Ranks #1 in research and development per capita and #2 for science and technology assets according to the Milken Institute

- ▶ Ranks as one of the top three states for economic mobility based on workers' ability to move up the earnings ladder according to the Pew Center on the States

- ▶ Ranks #2 for economic opportunity by the States Project

- ▶ Ranks among the top five states best positioned to succeed in the new economy by the Information Technology and Innovation Foundation

- ▶ Moved more people from welfare to work than at any point in the state's history, and 27% of those were placed in jobs paying \$10 per hour or higher

- ▶ Ranks #4 in the nation for startups per capita according to a study by Fast Company in 2013

- ▶ And ranks as tied for the 4th lowest state and local tax burden as a share of income in the nation, according to Federal Funds Information for States.



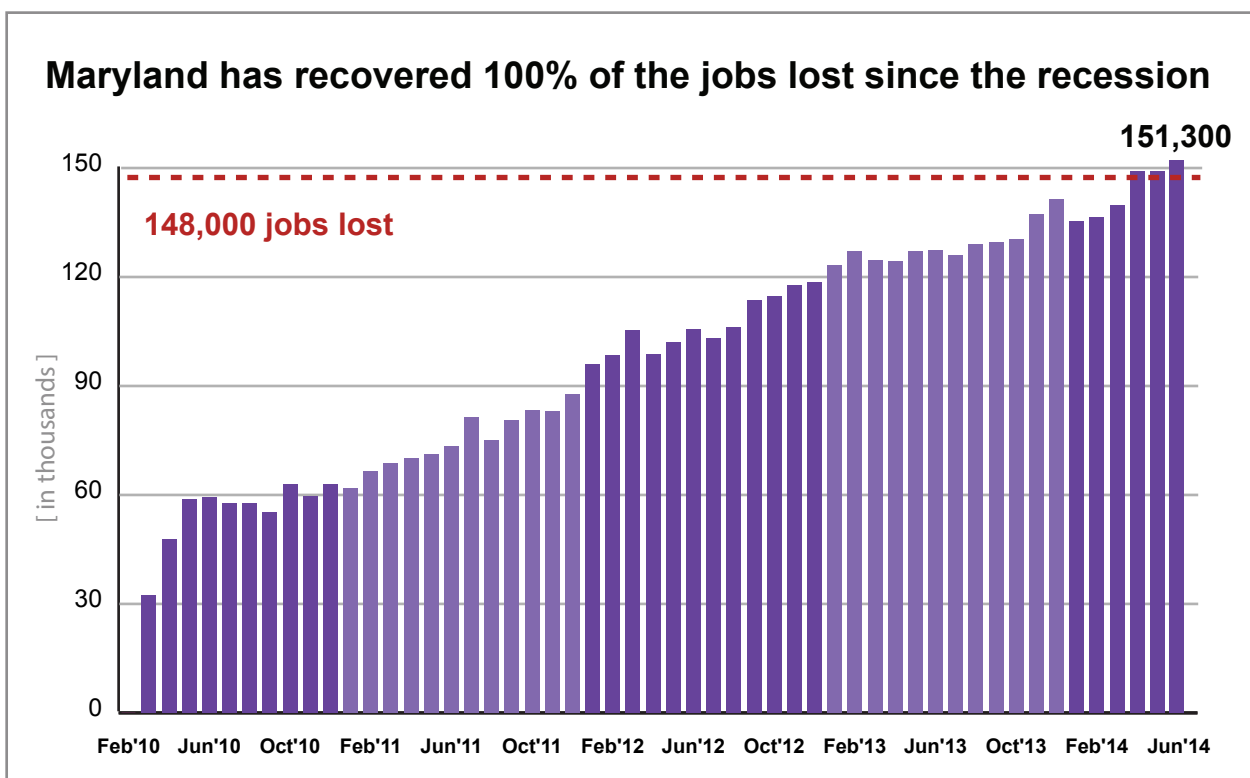
## **GOAL: RECOVER 100% OF JOBS LOST DUE TO THE GREAT RECESSION BY THE END OF FY2014**

### **SUMMARY OF PROGRESS**

Governor O'Malley has led Maryland in one of the state's toughest economic climates, but under his administration, Maryland is cleaner, smarter, safer, healthier, more entrepreneurial, and more competitive than she was before the recession hit. Governor O'Malley set a goal to recover all of the 148,000 jobs that were lost during the Great Recession by the end of FY2014. As of the year's halfway point (June 2014), Maryland recovered 102% of the jobs lost during the recession. Since the depths of the national recession, Maryland's job growth outpaced neighbors Pennsylvania and Virginia.

### **ACTIONS TAKEN TOWARDS GOAL**

The O'Malley-Brown Administration focused on venture funding, biotechnology, and cybersecurity. The current FY2015 budget makes important investments to help create jobs in Maryland and spur innovation. The budget invests \$7.4 million for the Maryland Economic Development Assistance Authority and Fund (MEDAAF), the State's primary financing tool to help businesses create and retain jobs. The administration also continues to expand tax credits that help support Maryland businesses: the Biotech Tax Credit (\$12 million, a 20% increase); the R&D Tax Credit (\$9 million, a 12.5% increase); and the Cybersecurity Tax Credit (\$4 million, a 33% increase). Since 2007, the biotech tax credit has helped more than 65 companies raise more than \$110 million in private funding.







## Venture Funding

The O'Malley-Brown Administration launched InvestMaryland and, through an online tax credit auction, raised \$84 million. The dollars raised are being used to reinvigorate the State-run Maryland Venture Fund (MVF) and to build a pipeline of venture capital to grow young Maryland companies in biotechnology, cybersecurity, e-commerce and other high-growth industries. Those invested dollars can leverage up to five to ten times that amount in private equity dollars, or roughly \$420-\$840 million. The Maryland Department of Business and Economic Development (DBED) also launched the InvestMaryland Challenge, which awards grants and supports to startup companies. Maryland's focus on public and private funding for early stage companies helped increase venture capital investment in Maryland companies by 63% in 2013--strengthening companies and creating more jobs.

## Biotechnology

The O'Malley-Brown Administration created BioMaryland2020, a strategic plan to grow Maryland's life sciences industry with \$1.3 billion in structured, strategic investments over 10 years. The strategy included the opening of the BioMaryland Center (BMC) in 2009, which serves as a "one-stop" portal to Maryland's vast array of programs, resources and information for life sciences companies, investors, researchers and others involved in the industry. Through the Biotechnology Investment Incentive Tax Credit, the state has issued \$55 million in credits to help more than 65 companies raise nearly \$110 million in private funding. The administration also increased the highly successful Biotechnology Tax Credit, which is funded at \$12 million for FY2015.

In 2013, DBED and the Economic Alliance of Greater Baltimore (EAGB) launched Advance Maryland, an economic gardening initiative. The program helps companies move beyond the startup phase by providing them with a network of highly-skilled research specialists who can offer strategic advice on growth development and job creation.

## Cybersecurity

In January 2010, Governor O'Malley launched the CyberMaryland Initiative to position Maryland at the epicenter of cybersecurity. The state partnered with the National Institute of Standards and Technology (NIST) and Montgomery County to establish the National Cybersecurity Center of Excellence (NCCoE), a public-private partnership to accelerate the broad adoption of integrated cybersecurity tools and technologies. The Cybersecurity Investment Incentive Tax Credit, passed during the 2013 legislative session, encourages investment in emerging cybersecurity companies.

## Other Initiatives

In 2009, Maryland established the **Small Business Credit Recovery Program**, increasing the tools and resources available for small business owners. The program worked with local banks to guarantee business loans so a small business could fund an expansion, purchase or upgrade equipment, or use the funds for working capital. The initiative spurred national legislation, the \$1.5 billion State Small Business Credit Initiative (part of the Small Business Jobs Act of 2010), which expands the capacity of state small business loan guarantee programs.





In 2010, Maryland enacted the Job Creation and Recovery Tax Credit that incentivized hiring by providing employers a \$5,000 tax credit for each employee hired off the unemployment rolls.

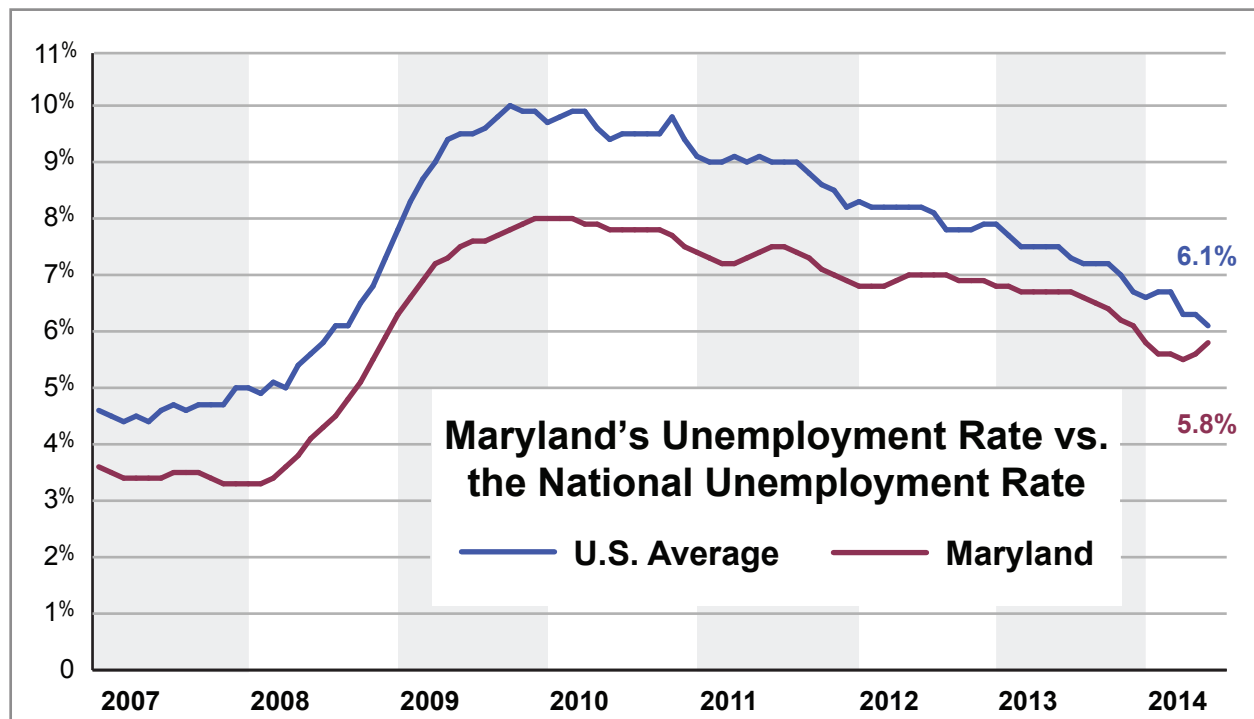
Governor O'Malley created **Maryland Made Easy**, an inter-agency effort to make it easier to do business in Maryland. It includes specific strategies to help improve Maryland's business environment by streamlining processes, simplifying regulations and improving communication. In 2011, O'Malley also signed an executive order creating a program called "Fast Track," a new tool for business owners and developers to streamline and expedite the review of state permits for projects in priority development areas. In 2013, the O'Malley-Brown Administration announced the Central Business Licensing System (CBL), which will allow business owners to register a new business and establish a tax account through a single website. The system will reduce the time it takes to register a new business from an average of 10 weeks to 5-7 days.

**Maryland's Film Production Activity Tax Credit** has helped attract the Emmy award-winning HBO series "VEEP" and the Golden

Globe-winning Netflix series "House of Cards" to Maryland. Since the tax credit was created in 2011, productions have employed more than 8,500 Maryland crewmembers, cast, and extras, and supported over 7,000 businesses. The Governor's proposed FY2015 budget invests \$11 million in the program next year.

**Tourists spent roughly \$14.9 billion in Maryland last year**, according to the Office of Tourism Development. Visitor spending has increased by at least 4% in each of the past three years, and the tourism industry now employs more than 135,000 Marylanders. The FY2015 budget makes record investments in tourism and the arts to support this growing industry.

**Governor O'Malley and representatives from DBED led three trade missions in 2013** to the Middle East, Paris and Ireland, and South and Central America. Trade missions help create jobs in Maryland by both expanding business opportunities for Maryland companies abroad, and promoting the value of investing in the State. DBED also established three new foreign trade offices last year in the large and growing markets of Brazil, Nigeria, and the United Arab Emirates.





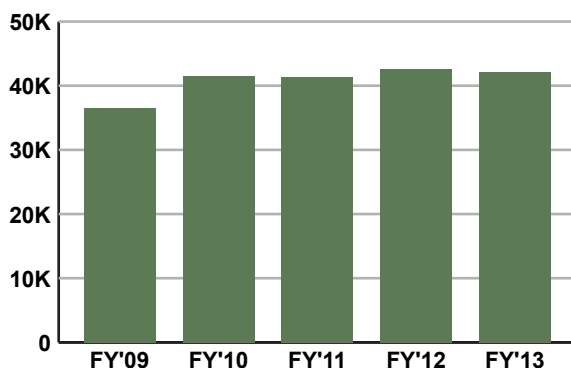
# GOAL: INCREASE THE NUMBER OF MARYLANDERS WHO RECEIVE SKILLS TRAINING BY 20% BY THE END OF 2018

## SUMMARY OF PROGRESS

Reinforcing its efforts to support job growth and to better position the State to compete in the shifting global economy, the O'Malley-Brown Administration set a goal to increase the number of Marylanders who receive skills training by 20 percent from FY2009 to FY2012. Maryland is progressing towards meeting its goals – the most recent data show that there were 42,099 total key skills completions, marking a 15.3% percent increase. Areas of great improvement included a 37.6% increase of associate degrees awarded by community colleges, and credit-based enrollments at community colleges increased to 145,085 from 128,093 enrollments. The administration set a new goal to again increase the number of Marylanders who receive skills training by 20%, this time by the end of FY2018.



## Total Annual Skills Training Completions



## Total Skills Training Completions

FY2012



\*From Community Colleges

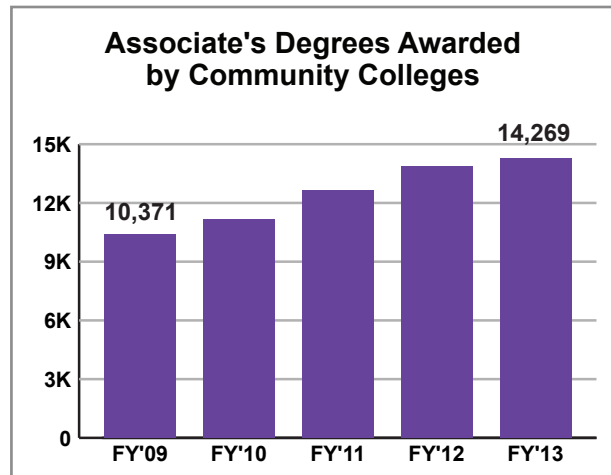
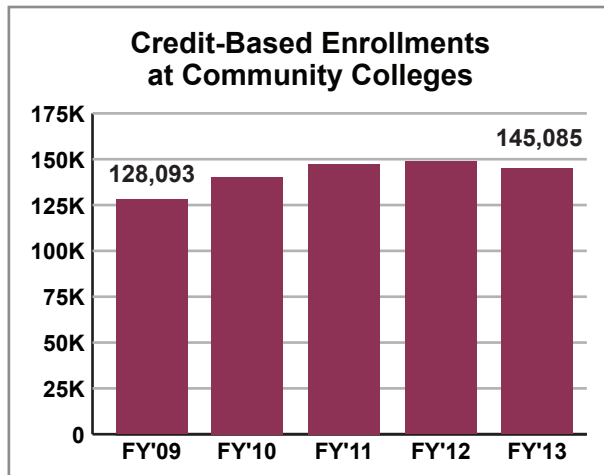
## ACTIONS TAKEN TOWARDS GOALS

Maryland launched **MD RISE**, partnering with state and local government, community colleges and employers to provide job training to hundreds of Temporary Cash Assistance (TCA) recipients. In the past three years, Maryland has tripled the number of TCA recipients who receive occupational skills training.

With an improved focus on job training, **Maryland One-Stop Career Centers** drove up the number of Marylanders served in FY2013 to over 195,000, up from 126,000 in FY2007. These centers provide the public with access to technology resources for job searches, and offer assistance, job matching and referrals guaranteeing that all Maryland residents have a chance to get a job.

Maryland launched **Maryland Skills2Compete**, a workforce skills vision for all stakeholders - including for State agencies, community colleges, and local Workforce Investment Boards (WIBs) - working to increase the number of Marylanders who receive skills training. Skills2Compete contains guidelines and recommendations for skills training, as well as skills advice for Maryland's present and future workforce.





To further advance the vision of increasing the number of skilled Marylanders, last year **Governor O'Malley proposed and signed the EARN Bill (Employment Advancement Right Now)**, which ensures that we are training workers for the jobs that employers are actually looking to fill. The law provides funding for workforce training collaborations between businesses, educational, local government, and non-profits. In June, we selected 28 awardees as the partnerships best able to meet industry-identified workforce needs, and to train Marylanders in the skills employers demand. These awardees represent the inaugural class of EARN Maryland's strategic industry partnerships, which are funded by the state's competitive workforce and economic development grant initiative. Implementation Grants will fund worker training in the skills that employers demand, from training providers best able to meet industry-identified needs. The average Implementation Grant award amount is \$179,302.

The administration has also improved digital assets available to job seekers, such as the improved and expanded **Maryland Workforce Exchange**, which offers Maryland job seekers more apprenticeship and training resources and better access to job openings. Maryland also launched the Maryland Workforce Dashboard – an interactive tool for data visualization of supply and demand information on the state's workforce, education and training opportunities.

Maryland secured new funding for workforce training programs. The state won a three-year \$5.4 million U.S. Department of Labor, **State Energy Sector Partnership Grant** to train Marylanders for careers in energy efficiency and renewable energies. Maryland also won a \$150,000 Health Resources and Services Administration (HRSA) **Workforce Planning Grant** to develop a workforce blueprint to increase the state's primary care workforce by 10-25% over the next 10 years. And the state received a \$1 million grant through the Workforce Data Quality Initiative in partnership with the University of Baltimore's Jacob France Institute to **expand longitudinal databases of workforce data linked to education data**.



# GOAL: FULL EMPLOYMENT FOR MARYLAND VETERANS BY THE END OF 2018

## SUMMARY OF PROGRESS

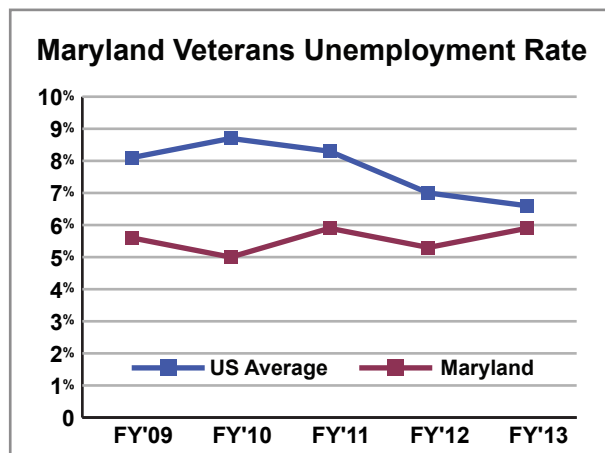
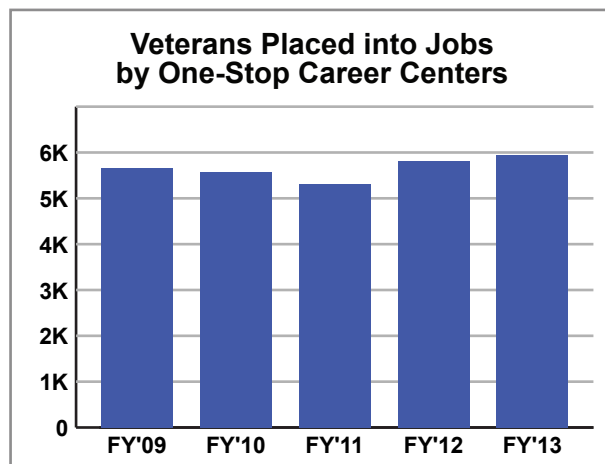
Over 435,000 veterans call Maryland home according to the U.S. Department of Veterans Affairs. Veterans leave military service with specialized skills and leadership experience, but face barriers when seeking employment. The O'Malley-Brown Administration set a goal to achieve full employment for Maryland veterans by 2015. Economists generally define full employment as an unemployment rate of 3.0 percent or lower. The Maryland veterans unemployment rate has remained stubbornly high (above 5% since 2009), but the administration has made progress in that time. Since FY2009, the number of veterans placed in jobs by the state's One-Stop Career centers increased by 5.3%.



## ACTIONS TAKEN TOWARDS GOALS

The Maryland Department of Labor, Licensing and Regulation (DLLR) serves veterans through the Maryland Workforce Exchange (MWE) and One-Stop Career Centers. So far in FY2014, there have been 167,082 active participants in MWE, including 12,397 veterans, and DLLR has helped 84,803 Marylanders find employment. Each One-Stop is staffed with Local Veterans Employment Representatives and/or Disabled Veteran Outreach Program Staff. In FY2013, over 14,000 veterans were served at Maryland's One-Stops and over 5,900 veterans entered employment after seeking help from the Maryland Workforce Exchange or One-Stop Career Centers.

Last year, the O'Malley-Brown Administration proposed, and the General Assembly passed, the **Veterans Full Employment Act of 2013**. The Act removes certain barriers to employment that service members often face when making the transition from military service to the civilian workforce. The Act also expedites the process for certain kinds of occupational and professional licensing for recently discharged veterans and their family, when they move to Maryland. In addition, it provides academic credit for relevant military training and education at institutions of higher learning and training, as well as educational and occupational credit toward professional licenses. As of May 2014, 182 veterans and military spouses have received expedited licenses.





The **Maryland Department of Veterans Affairs (MDVA)** sends bi-weekly e-mails to over 18,000 members of the veteran community to promote active job postings from employers seeking to hire Maryland veterans. In addition, the department website coordinates with different Maryland agencies, providing a number of resources to veterans who are seeking employment or want to start their own business.

MDVA partnered with the Maryland Department of Aging and DLLR to recruit senior veterans in targeted counties for the federally funded **Senior Community Service Employment Program**. This partnership resulted in increased veteran participation and employment for low-income veterans over the age of 55.

**Mil2FedJobs.com**, a website hosted by DLLR, helps veterans match their military training and experience to available federal jobs. The Maryland Department of Budget and Man-



agement (DBM) put in place a veterans hiring credit to assist veterans in applying for State jobs. In 2013, state agencies hired 158 veterans, up from 103 in 2012.

In June of 2014, the O'Malley-Brown Administration launched **Operation Hire: Maryland's 100 Day Veteran Hiring Challenge**, a state-wide campaign encouraging employers to hire Maryland veterans.

## BEYOND THE STRATEGIC GOALS

Beyond the Administration's strategic goals, the O'Malley-Brown Administration has taken further action to expand opportunity for all Marylanders beyond the strategic goals.

**Education** Among the most important things a state can do over the long run to create jobs is provide access to quality schools. The O'Malley-Brown Administration provided record funding for public schools, even while other states were cutting back during the recession. Education Week magazine has named Maryland's public schools #1 in the nation for five years in row. The O'Malley-Brown Administration also worked to keep college more affordable for more families, by freezing tuition for four years in a row, the only state in the nation to do so. According to the College Board and The Washington Post, since 2007-08, Maryland has done more than

any other state in the nation to hold down the cost of college.

**Living Wage** Governor O'Malley passed the nation's first living wage bill during the 2007 legislative session. The bill required employers with state contracts to pay a minimum wage of \$11.30 per hour in the Baltimore-Washington corridor and \$8.50 per hour in rural counties. Ensuring that workers are paid a living wage puts more money in workers' pockets – fueling consumer demand and creating more jobs.

**Expanded The Earned Income Tax Credit** — Governor O'Malley extended the Earned Income Tax Credit up to 25% for Maryland families during the 2007 special legislative session. The state expanded the tax credit again in 2014 to help even more Maryland families.

**Progressive Tax Code** The O'Malley-Brown Administration has taken several actions to make Maryland's tax code more progressive, providing tax relief for middle and low-income earners, while asking our highest earners to do a little more. In 2007, the O'Malley-Brown Administration added progressivity to the state's income tax for the first time in Maryland history. The O'Malley-Brown Administration expanded personal exemptions and refundable income credits for middle and low earners. In 2008, a three-year income tax surcharge was imposed on millionaires. In 2012, the O'Malley-Brown Administration further adjusted rates, phasing out exemptions for the highest earners, leaving a full 86% of Maryland taxpayer with lower state income tax bills.

**Infrastructure** In response to growing traffic and increased instability in federal funding to pay for infrastructure upgrades, the O'Malley-Brown Administration and the legislature passed the Transportation Infrastructure Investment Act of 2013. That law will invest an additional \$4.4 billion over six years and put more than 57,000 Marylanders to work building roads, bridges and mass transit projects. The State has also increased its funding for wastewater infrastructure by 192 percent since 2007 and created nearly 9,000 jobs, increased school construction funding to an average \$335 million per year, up from \$211 million, and with the federal government, invested a combined \$139.5 million to expand broadband internet in every county.

**Dignity** The O'Malley-Brown Administration signed the DREAM Act in May 2011, which provides in-state tuition to students who graduate from Maryland high schools and who pay Maryland taxes, regardless of their immigration status. The following year, Marylanders affirmed the legislation, voting 58% in favor, making Maryland one of the first states to pass the DREAM Act through a popular vote. In Maryland, an estimated 36,000 Dreamers will benefit from this legislation, creating more than 19,000 jobs and generating nearly \$5 billion in economic activity through 2030. Governor O'Malley signed Marriage Equality in March

2012 with support from a diverse coalition of religious and labor leaders. In November 2012, Marylanders voted in favor of the Civil Marriage Protection Act, which upheld the state's same-sex marriage law, 52.4% to 47.6%.

**Higher Standards for Women-, Minority Owned Businesses** After becoming the first administration to reach a 25% benchmark for minority- and women-owned business participation, The O'Malley-Brown Administration set an even higher benchmark, increasing the overall participation goal of its Minority Business Enterprise (MBE) Program from 25% to 29%. Long considered one of the country's foremost programs for minority inclusion, Maryland's new aspirational goal will offer more opportunities for minority- and women-owned businesses to engage in state contracting.

**Welfare to Work** In 2013, Maryland moved more people from welfare to work than at any point in the state's history. Of the 12,504 who moved from welfare to work, 27% were placed in jobs paying \$10/hour or higher.

**Minimum Wage** Arguing that no one who works full time should have to raise a family in poverty, the O'Malley-Brown Administration led the push to increase Maryland's minimum wage to \$10.10 an hour. This will lift Marylanders out of poverty, and increase wages for 455,000 workers. We all do better when we're all doing better -- that's why it's important to grow our economy from the middle out and the middle up.





# FISCAL RESPONSIBILITY

The O'Malley-Brown Administration's fiscally responsible approach to governing has resulted in the state making significant progress in eliminating an inherited \$1.7 billion structural deficit, all while making smart choices to invest in things that work; education, innovation and infrastructure and common platforms with publicly-available data shared by all.

